Ray Dalio Investing: 2 TSX Stocks to Buy Now

Description

Ray Dalio serves as the co-chief investment officer of Bridgewater Associates. He has been one of the most influential voices in the investing world for decades. In late July, I'd discussed his concerns regarding rising geopolitical tensions. Because of this, I'd concluded that Canadian investors should jump into defence-focused stocks.

Today, I want to look at some stocks that Ray Dalio has bet on in recent months. Moreover, we'll look at two **TSX** stocks that fit with these purchases. Let's dive in.

What Ray Dalio is buying right now

In the first quarter, Ray Dalio's firm Bridgewater Associates zeroed in on stocks like **Home Depot**, **UnitedHealth Group**, and **McDonald's**. Restaurants have been some of the hardest hit by the COVID-19 pandemic. Back in June, I'd discussed why the reopening was good news for the industry. Moreover, fast food restaurants have been in a much better position than their peers from the outset.

Ray Dalio's pick McDonald's has seen its stock increase 4.8% in 2020 as of close on August 7. Shares have climbed 13% over the past three months. The company's United States same-store sales shrank only 2.3% in the month of June. This was a promising improvement in the face of the COVID-19 pandemic. Although the U.S. is still struggling with containing the pandemic, McDonald's management predicts that Q2 2020 will represent the trough in its performance for the full year.

How to emulate Dalio's picks

Rather than directly copy Ray Dalio's picks, I want to look at two TSX-listed restaurant stocks.

Restaurant Brands International (TSX:QSR)(NYSE:QSR) owns, operates, and franchisesrestaurants under the Burger King, Tim Hortons, and Popeyes' brands. Its shares have dropped 28%year-over-year as of close on August 7. This fast food giant is worth targeting for those who want toemulate the McDonald's Ray Dalio pick.

The company released its second quarter 2020 results on August 6. RBI reopened over 4,500 restaurants in the second quarter, which brought it operating capacity over 90% globally. Management is focused on returning to net restaurant growth by 2021. Popeyes continued to post very impressive results in the second quarter. It achieved system-wide sales growth of 24% in the quarter.

Shares of RBI last possessed a price-to-earnings ratio of 23. This puts it in good value territory relative to industry peers. Like Ray Dalio's pick, RBI also offers a quarterly dividend of $0.52 per share. This represents a 3.8% yield.

A&W Revenue Royalties is an income fund that holds investment in A&W Trade Marks. Shares of A&W Revenue have fallen 22% in 2020 so far. In Q2 2020, A&W saw same-store sales growth decline 31.6%. However, this was partially offset by the sales from the 37 net new restaurants that were added to the royalty pool to star the year.

Unfortunately, pressure from the pandemic forced A&W Revenue to cease its monthly distributions. However, it did announce a cash dividend of $0.10 per share on August 6. A&W Revenue stock last had a favourable P/E ratio of 18. This fast food chain should also benefit from the broader reopening.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:QSR (Restaurant Brands International Inc.)

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